

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date			Date Accountant Report Submitted to State:		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Village of Decatur
Van Buren County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended February 28, 2005

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INDEPENDENT AUDITORS' REPORT

To the Members of the Village Council
Village of Decatur, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Village of Decatur, Michigan, as of February 28, 2005, and for the year then ended, which collectively comprise the Village of Decatur, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Village of Decatur, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Village of Decatur, Michigan, as of February 28, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 14, the Village of Decatur, Michigan has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 1, 2004.

The budgetary comparison schedules listed in the contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Village has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Members of the Village Council
Village of Decatur, Michigan
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Decatur, Michigan's basic financial statements. The accompanying supplementary information and supplementary data are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The supplementary information and data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

May 15, 2005

BASIC FINANCIAL STATEMENTS

Village of Decatur
STATEMENT OF NET ASSETS
February 28, 2005

	Primary government			Component unit
	<u>Govern- mental activities</u>	<u>Business- type activities</u>	<u>Totals</u>	<u>Downtown Development Authority</u>
ASSETS				
Current assets:				
Cash	\$ 522,653	\$ 399,032	\$ 921,685	\$ 8,772
Receivables (net)	175,819	50,318	226,137	778
Inventory	-	16,300	16,300	-
Internal balances	(12,464)	12,464	-	-
Total current assets	<u>686,008</u>	<u>478,114</u>	<u>1,164,122</u>	<u>9,550</u>
Noncurrent assets:				
Cash - restricted	-	50,772	50,772	-
Receivables (net)	62,642	-	62,642	-
Capital assets, net of accumulated depreciation	<u>343,216</u>	<u>1,443,889</u>	<u>1,787,105</u>	<u>-</u>
Total noncurrent assets	<u>405,858</u>	<u>1,494,661</u>	<u>1,900,519</u>	<u>-</u>
Total assets	<u>1,091,866</u>	<u>1,972,775</u>	<u>3,064,641</u>	<u>9,550</u>
LIABILITIES				
Current liabilities:				
Payables	30,093	38,389	68,482	-
Deferred revenue	45,196	-	45,196	-
Current portion of long-term debt	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total current liabilities	<u>75,289</u>	<u>58,389</u>	<u>133,678</u>	<u>-</u>
Noncurrent liabilities:				
Long-term debt	<u>-</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Total liabilities	<u>75,289</u>	<u>338,389</u>	<u>413,678</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	343,216	1,143,889	1,487,105	-
Restricted:				
Public works	153,037	-	153,037	-
Recreation and culture	4,177	-	4,177	-
Debt service	-	28,222	28,222	-
Unrestricted	<u>516,147</u>	<u>462,275</u>	<u>978,422</u>	<u>9,550</u>
Total net assets	<u>\$ 1,016,577</u>	<u>\$ 1,634,386</u>	<u>\$ 2,650,963</u>	<u>\$ 9,550</u>

See notes to the financial statements

Village of Decatur
STATEMENT OF ACTIVITIES
Year ended February 28, 2005

		<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Functions/Programs	<u>Expenses</u>		
Governmental activities:			
Legislative	\$ 10,583	\$ -	\$ -
General government	141,448	-	-
Public safety	249,490	20,132	903
Public works	221,037	15,471	150,228
Recreation and culture	41,770	1,440	33
Interest on long-term debt	724	-	-
	<u>665,052</u>	<u>37,043</u>	<u>151,164</u>
Total governmental activities			
Business-type activities:			
Water	173,966	201,109	-
Sewer	118,837	167,395	-
	<u>292,803</u>	<u>368,504</u>	<u>-</u>
Total business-type activities			
Total primary government	<u>\$ 957,855</u>	<u>\$ 405,547</u>	<u>\$ 151,164</u>
Component unit:			
Downtown Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues			
Property taxes			
State shared revenue			
Interest income			
Other			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

Net (expenses) revenues and changes in net assets

<u>Primary government</u>			<u>Component unit</u>
<u>Govern-mental activities</u>	<u>Business-type activities</u>	<u>Totals</u>	<u>Downtown Development Authority</u>
\$ (10,583)	\$ -	\$ (10,583)	
(141,448)	-	(141,448)	
(228,455)	-	(228,455)	
(55,338)	-	(55,338)	
(40,297)	-	(40,297)	
(724)	-	(724)	
<u>(476,845)</u>	<u>-</u>	<u>(476,845)</u>	
-	27,143	27,143	
<u>-</u>	<u>48,558</u>	<u>48,558</u>	
-	75,701	75,701	
<u>(476,845)</u>	<u>75,701</u>	<u>(401,144)</u>	
			\$ <u>-</u>
408,681	-	408,681	6,536
209,279	-	209,279	-
5,095	3,397	8,492	19
<u>20,320</u>	<u>-</u>	<u>20,320</u>	<u>-</u>
<u>643,375</u>	<u>3,397</u>	<u>646,772</u>	<u>6,555</u>
166,530	79,098	245,628	6,555
<u>850,047</u>	<u>1,555,288</u>	<u>2,405,335</u>	<u>2,995</u>
<u>\$ 1,016,577</u>	<u>\$ 1,634,386</u>	<u>\$ 2,650,963</u>	<u>\$ 9,550</u>

See notes to the financial statements

Village of Decatur
BALANCE SHEET - governmental funds
February 28, 2005

	<u>General</u>	<u>Major Street</u>	<u>Business Rehabil- itation</u>	<u>Streets</u>
ASSETS				
Cash	\$ 209,969	\$ 61,786	\$ 56,939	\$ -
Receivables (net)	174,538	16,774	30,670	8,624
Due from other funds	<u>1,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 385,755</u>	<u>\$ 78,560</u>	<u>\$ 87,609</u>	<u>\$ 8,624</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 24,864	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,248
Deferred revenue	<u>75,824</u>	<u>-</u>	<u>-</u>	<u>7,376</u>
Total liabilities	<u>100,688</u>	<u>-</u>	<u>-</u>	<u>8,624</u>
Fund balances:				
Reserved for long-term loans	72,747	-	30,670	-
Unreserved, undesignated	<u>212,320</u>	<u>78,560</u>	<u>56,939</u>	<u>-</u>
Total fund balances	<u>285,067</u>	<u>78,560</u>	<u>87,609</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 385,755</u>	<u>\$ 78,560</u>	<u>\$ 87,609</u>	<u>\$ 8,624</u>

Amounts reported for *governmental activities* in the statement of net assets (Page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Certain assets used in *governmental activities* are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An internal service fund is used by management to charge costs of equipment to individual funds. The assets and liabilities of this fund are included in *governmental activities* in the statement of net assets.

Net assets of *governmental activities* (page 5)

<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 63,423	\$ 392,117
7,855	238,461
<u>-</u>	<u>1,248</u>
<u>\$ 71,278</u>	<u>\$ 631,826</u>

\$ -	\$ 24,864
-	1,248
<u>-</u>	<u>83,200</u>
<u>-</u>	<u>109,312</u>

-	103,417
<u>71,278</u>	<u>419,097</u>
<u>71,278</u>	522,514

\$ 71,278

147,157

38,004

308,902

\$ 1,016,577

See notes to the financial statements

*Village of Decatur***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds***Year ended February 28, 2005*

	<u>General</u>	<u>Major Street</u>	<u>Business Rehabil- itation</u>
REVENUES			
Taxes	\$ 326,610	\$ -	\$ -
Licenses and permits	15,077	-	-
State grants	216,422	97,149	-
Charges for services	9,115	-	-
Fines and forfeitures	14,001	-	-
Interest and rentals	4,578	190	869
Other	14,159	-	5,011
Total revenues	<u>599,962</u>	<u>97,339</u>	<u>5,880</u>
EXPENDITURES			
Legislative	10,583	-	-
General government	134,676	-	-
Public safety	258,995	-	-
Public works	70,840	49,012	7,034
Recreation and culture	33,788	-	-
Debt service:			
Principal	25,000	-	-
Interest	724	-	-
Capital outlays	13,720	-	-
Total expenditures	<u>548,326</u>	<u>49,012</u>	<u>7,034</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>51,636</u>	<u>48,327</u>	<u>(1,154)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(10,000)	(20,000)	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	41,636	28,327	(1,154)
FUND BALANCES - BEGINNING	<u>243,431</u>	<u>50,233</u>	<u>88,763</u>
FUND BALANCES - ENDING	<u>\$ 285,067</u>	<u>\$ 78,560</u>	<u>\$ 87,609</u>

<u>Streets</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 82,189	\$ -	\$ 408,799
-	-	15,077
-	45,657	359,228
-	-	9,115
-	-	14,001
-	156	5,793
-	-	19,170
<u>82,189</u>	<u>45,813</u>	<u>831,183</u>
-	-	10,583
-	-	134,676
-	-	258,995
82,189	50,305	259,380
-	-	33,788
-	-	25,000
-	-	724
-	-	13,720
<u>82,189</u>	<u>50,305</u>	<u>736,866</u>
<u>-</u>	<u>(4,492)</u>	<u>94,317</u>
-	30,000	30,000
-	-	(30,000)
<u>-</u>	<u>30,000</u>	<u>-</u>
-	25,508	94,317
-	45,770	428,197
<u>\$ -</u>	<u>\$ 71,278</u>	<u>\$ 522,514</u>

See notes to the financial statements

Village of Decatur

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended February 28, 2005

Reconciliation of the statement of revenues, expenditures, and changes in fund balances
governmental funds to the statement of activities:

Net change in fund balances - total governmental funds (page 8)	\$ 94,317
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Amounts reported for *governmental activities* in the statement of activities (Page 6)
are different because:

Capital assets:

Current year additions	13,720
Provision for depreciation	(20,711)

Long-term debt - payments	25,000
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Net change in deferred revenue	(118)
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Net revenue of the internal service fund reported with <i>governmental activities</i>	<u>54,322</u>
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Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 166,530</u>
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See notes to the financial statements

Village of Decatur
STATEMENT OF NET ASSETS - proprietary funds
February 28, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash	\$ 159,867	\$ 239,165	\$ 399,032	\$ 130,536
Receivables (net)	33,837	16,481	50,318	-
Inventory	16,300	-	16,300	-
Total current assets	<u>210,004</u>	<u>255,646</u>	<u>465,650</u>	<u>130,536</u>
Noncurrent assets:				
Cash - restricted	50,772	-	50,772	-
Capital assets, net of accumulated depreciation	<u>721,026</u>	<u>722,863</u>	<u>1,443,889</u>	<u>196,059</u>
Total noncurrent assets	<u>771,798</u>	<u>722,863</u>	<u>1,494,661</u>	<u>196,059</u>
Total assets	<u>981,802</u>	<u>978,509</u>	<u>1,960,311</u>	<u>326,595</u>
LIABILITIES				
Current liabilities:				
Payables	32,359	6,030	38,389	5,229
Current portion of long-term debt	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total current liabilities	<u>52,359</u>	<u>6,030</u>	<u>58,389</u>	<u>5,229</u>
Noncurrent liabilities:				
Long-term debt	<u>280,000</u>	<u>-</u>	<u>280,000</u>	<u>-</u>
Total liabilities	<u>332,359</u>	<u>6,030</u>	<u>338,389</u>	<u>5,229</u>
NET ASSETS				
Investment in capital assets, net of related debt	421,026	722,863	1,143,889	196,059
Restricted for debt service	28,222	-	28,222	-
Unrestricted	<u>200,195</u>	<u>249,616</u>	<u>449,811</u>	<u>125,307</u>
Total net assets	<u>\$ 649,443</u>	<u>\$ 972,479</u>	<u>1,621,922</u>	<u>\$ 321,366</u>

Some amounts reported for *business-type activities* in the statement of net assets (page 5) are different because certain assets and liabilities of the internal service fund are reported with business-type activities.

12,464

Net assets of business-type activities

\$ 1,634,386

See notes to the financial statements

Village of Decatur

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - *proprietary funds***

Year ended February 28, 2005

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Water</i>	<i>Sewer</i>	<i>Totals</i>	
OPERATING REVENUES				
Charges for services:				
Public utility fees	\$ 195,737	\$ 164,895	\$ 360,632	\$ -
Inter-fund charges	-	-	-	134,914
Other	5,372	2,500	7,872	-
Total operating revenues	201,109	167,395	368,504	134,914
OPERATING EXPENSES				
Personnel costs	93,857	46,492	140,349	7,800
Contracted services	21,993	26,191	48,184	29,009
Internal charges	17,110	8,265	25,375	-
Utilities	5,853	3,011	8,864	-
Supplies	873	2,477	3,350	12,189
Depreciation	27,673	36,461	64,134	19,647
Total operating expenses	167,359	122,897	290,256	68,645
Operating income	33,750	44,498	78,248	66,269
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,056	2,341	3,397	517
Interest expense	(15,011)	-	(15,011)	-
Total nonoperating revenues (expenses)	(13,955)	2,341	(11,614)	517
CHANGE IN NET ASSETS	19,795	46,839	66,634	66,786
NET ASSETS - BEGINNING	629,648	925,640	1,555,288	254,580
NET ASSETS - ENDING	\$ 649,443	\$ 972,479	\$ 1,621,922	\$ 321,366

See notes to the financial statements

Village of Decatur

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - *proprietary funds* (Continued)**

Year ended February 28, 2005

Reconciliation of the statement of revenues, expenses and changes in fund net assets of total enterprise funds to amounts reported for business-type activities in the statement of activities (Page 6).

Net change in fund net assets of total enterprise funds (page 11)	\$ 66,634
Net revenue of the internal service fund reported with <i>business-type</i> activities.	<u>12,464</u>
Change in net assets of <i>business-type activities</i> (page 6)	<u>\$ 79,098</u>

See notes to the financial statements

Village of Decatur

STATEMENT OF CASH FLOWS - proprietary funds

Year ended February 28, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 197,066	\$ 166,780	\$ 363,846	\$ 134,914
Payments to vendors and suppliers	(72,929)	(37,537)	(110,466)	(47,017)
Payments to employees	(54,633)	(40,031)	(94,664)	(7,800)
Internal activity - payments to other funds	(17,110)	(8,265)	(25,375)	-
Net cash provided by operating activities	52,394	80,947	133,341	80,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(65,086)	(65,086)	(78,939)
Decrease in payables	-	(65,153)	(65,153)	-
Principal payments on long-term debt	(20,000)	-	(20,000)	-
Interest payments on long-term debt	(16,000)	-	(16,000)	-
Net cash used in capital and related financing activities	(36,000)	(130,239)	(166,239)	(78,939)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,056	2,341	3,397	517
NET INCREASE (DECREASE) IN CASH	17,450	(46,951)	(29,501)	1,675
CASH - BEGINNING (including \$50,306 in restricted accounts)	193,189	286,116	479,305	128,861
CASH - ENDING (including \$50,772 in restricted accounts)	\$ 210,639	\$ 239,165	\$ 449,804	\$ 130,536

See notes to the financial statements

Village of Decatur

STATEMENT OF CASH FLOWS - proprietary funds(Continued)

Year ended February 28, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Water	Sewer	Totals	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 33,750	\$ 44,498	\$ 78,248	\$ 66,269
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	27,673	36,461	64,134	19,647
Increase in:				
Receivables, net	(4,947)	(695)	(5,642)	-
Inventory	(7,400)	-	(7,400)	
Increase (decrease) in payables	<u>3,318</u>	<u>683</u>	<u>4,001</u>	<u>(5,819)</u>
Net cash provided by operating activities	<u>\$ 52,394</u>	<u>\$ 80,947</u>	<u>\$ 133,341</u>	<u>\$ 80,097</u>
Supplementary information:				
Non-cash capital and related financing activities:				
Acquisition of capital assets	\$ -	\$ (65,086)	\$ (65,086)	\$ (78,294)
Less, increase in payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,355</u>
Cash used	<u>\$ -</u>	<u>\$ (65,086)</u>	<u>\$ (65,086)</u>	<u>\$ (73,939)</u>

See notes to the financial statements

Village of Decatur
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Decatur, Michigan (the Village), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present the government and its component unit entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village.

Discretely-presented component units:

Downtown Development Authority:

The Authority's governing body is appointed by the Village Council and its budget must be approved by the Village Council. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

- The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Major Street Fund accounts for the use of allocated state gas and weight taxes used for the maintenance and construction of major streets within the Village.
- The Business Rehabilitation Fund accounts for the use of federal grants used to provide loans and/or grants to eligible businesses within the Village.
- The Streets Fund accounts for the use of allocated property taxes, used for the maintenance and construction of streets within the Village.

The Village reports the following major proprietary funds:

- The Water Fund accounts for the activities of the Village's water distribution system.
- The Sewer Fund accounts for the activities of the Village's sewage collection systems and treatment plant.

Additionally, the Village reports the following fund type:

- The Motor Vehicle Pool Fund, an internal service fund, accounts for vehicle and equipment management services provided to other departments of the Village on a cost-reimbursement basis.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Village considers all receivables to be fully collectible.

iii) Inventory of supplies:

Supplies inventory is stated at cost (as determined on the first-in, first-out basis).

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Village has elected to account for its infrastructure assets prospectively, beginning March 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	20 - 40 years
Land improvements	10 years
Furniture, fixtures and equipment	4 to 15 years
Vehicles	4 years
Infrastructure	50 years

v) Property tax revenue recognition:

The Village property tax is levied each July 1 on the assessed values as of December 31 of the prior year. Village property taxes are recognized when levied. Taxes are payable to the Village from July 1 to March 1, at which time the uncollected portion is reimbursed to the Village by the Van Buren County revolving tax fund.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Village's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. During the year ended February 28, 2005, the Village incurred the following expenditures, which were in excess of the amounts appropriated. All excess amounts were funded through available carryover funds.

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>
General	General government	\$ 123,711	\$ 134,676

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

A reconciliation of cash, as presented in the accompanying financial statements, to the footnote is as follows:

	<i><u>Govern- mental activities</u></i>	<i><u>Business- type activities</u></i>	<i><u>Total primary government</u></i>	<i><u>Compo- nent unit</u></i>	<i><u>Totals</u></i>
Cash	\$ 522,653	\$ 399,032	\$ 921,685	\$ 8,772	\$ 930,457
Restricted cash	<u>-</u>	<u>50,772</u>	<u>50,772</u>	<u>-</u>	<u>50,772</u>
Totals	<u>\$ 522,653</u>	<u>\$ 449,804</u>	<u>\$ 972,457</u>	<u>\$ 8,772</u>	<u>\$ 981,229</u>
Deposits	\$ 522,503	\$ 449,604	\$ 972,107	\$ 8,772	\$ 980,879
Cash on hand	<u>150</u>	<u>200</u>	<u>350</u>	<u>-</u>	<u>350</u>
Totals	<u>\$ 522,653</u>	<u>\$ 449,804</u>	<u>\$ 972,457</u>	<u>\$ 8,772</u>	<u>\$ 981,229</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Village. State statutes and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Village's deposits are in accordance with statutory authority. At February 28, 2005, the Village and its component units have deposits with a carrying amount of \$980,879 and a bank balance of \$984,545. Of the bank balance, \$280,484 is covered by federal depository insurance and \$704,161 is uninsured. The Village maintains individual and pooled cash accounts for all of its funds and its component unit. Due to use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and its component unit. The insured portion of the bank balance has been allocated entirely to the primary government.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

At February 28, 2005, the Village's receivables were as follows:

	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- govern- mental</u>	<u>Loans</u>	<u>Totals</u>
Governmental activities:					
General Fund	\$ 30,628	\$ 1,002	\$ 70,161	\$ 72,747	\$ 174,538
Major Street Fund	-	-	16,774	-	16,774
Business Rehabilitation Fund	-	-	-	30,670	30,670
Streets Fund	7,376	-	1,248	-	8,624
Other funds	-	-	7,855	-	7,855
Totals	<u>\$ 38,004</u>	<u>\$ 1,002</u>	<u>\$ 96,038</u>	<u>\$ 103,417</u>	<u>\$ 238,461</u>
Business-type activities:					
Water Fund	\$ -	\$ 33,837	\$ -	\$ -	\$ 33,837
Sewer Fund	-	16,481	-	-	16,481
Totals	<u>\$ -</u>	<u>\$ 50,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,318</u>

Loans receivable of \$62,642 are due in 2007 and beyond, all other receivables are due within one year; all receivables are considered fully collectible.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended February 28, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Vehicles	213,324	73,689	(16,000)	271,013
Land improvements	160,075	-	-	160,075
Furniture, fixtures, and equipment	133,320	11,805	-	145,125
Buildings	121,500	-	-	121,500
Sidewalks	-	11,520	-	11,520
Total other capital assets	628,219	97,014	(16,000)	709,233
Less, accumulated depreciation for:				
Vehicles	95,001	17,167	(16,000)	96,168
Land improvements	93,805	11,068	-	104,873
Furniture, fixtures, and equipment	96,203	8,072	-	104,275
Buildings	66,650	3,667	-	70,317
Sidewalks	-	384	-	384
Total accumulated depreciation	351,659	40,358	(16,000)	376,017
Other capital assets, net	276,560	56,656	-	333,216
Governmental activities capital assets, net	\$ 286,560	\$ 56,656	\$ -	\$ 343,216
Business-type activities:				
Water Fund:				
Capital assets not being depreciated - Land	\$ 20,246	\$ -	\$ -	\$ 20,246
Other capital assets:				
Distribution system	1,287,303	-	-	1,287,303
Equipment	13,529	-	-	13,529
Total other capital assets	1,300,832	-	-	1,300,832

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities (continued):				
Water Fund (continued):				
Less accumulated depreciation for:				
Distribution system	\$ 565,046	\$ 26,619	\$ -	\$ 591,665
Equipment	<u>7,333</u>	<u>1,054</u>	<u>-</u>	<u>8,387</u>
Total accumulated depreciation	<u>572,379</u>	<u>27,673</u>	<u>-</u>	<u>600,052</u>
Other capital assets, net	<u>728,453</u>	<u>(27,673)</u>	<u>-</u>	<u>700,780</u>
Total Water Fund capital assets, net	<u>748,699</u>	<u>(27,673)</u>	<u>-</u>	<u>721,026</u>
Sewer Fund:				
Capital assets not being depreciated:				
Land	79,689	-	-	79,689
Construction in progress	<u>65,153</u>	<u>65,086</u>	<u>-</u>	<u>130,239</u>
	<u>144,842</u>	<u>65,086</u>	<u>-</u>	<u>209,928</u>
Other capital assets:				
Collection system	1,472,343	-	-	1,472,343
Equipment	<u>78,236</u>	<u>-</u>	<u>-</u>	<u>78,236</u>
Total other capital assets	<u>1,550,579</u>	<u>-</u>	<u>-</u>	<u>1,550,579</u>
Less accumulated depreciation for:				
Collection system	945,480	30,749	-	976,229
Equipment	<u>55,703</u>	<u>5,712</u>	<u>-</u>	<u>61,415</u>
Total accumulated depreciation	<u>1,001,183</u>	<u>36,461</u>	<u>-</u>	<u>1,037,644</u>
Other capital assets, net	<u>549,396</u>	<u>(36,461)</u>	<u>-</u>	<u>512,935</u>
Total Sewer Fund capital assets, net	<u>694,238</u>	<u>28,625</u>	<u>-</u>	<u>722,863</u>
Total business-type activities capital assets, net	<u>\$ 1,442,937</u>	<u>\$ 952</u>	<u>\$ -</u>	<u>\$ 1,443,889</u>

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,772
Public safety	2,087
Public works	384
Recreation and culture	11,468
Depreciation on capital assets held by internal service fund	<u>19,647</u>
Total governmental activities	<u>\$ 40,358</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At February 28, 2005, the composition of interfund balances was as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ <u>1,248</u>	Streets	\$ <u>1,248</u>

The amounts owed to the General Fund represent reimbursements due for costs paid on behalf of the Streets Fund.

The composition of interfund transfers during the year ended February 28, 2005, was as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Local Street	\$ <u>30,000</u>	General	\$ 10,000
		Major Street	<u>20,000</u>
			<u>\$ 30,000</u>

Transfers to the Local Street Fund were made in support of operating costs of the fund.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PAYABLES:

At February 28, 2005, the Village's payables were as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- govern- mental</u>	<u>Interest</u>	<u>Customer deposits</u>	<u>Totals</u>
Governmental activities:						
General Fund	\$ 6,203	\$ 17,347	\$ 1,314	\$ -	\$ -	\$ 24,864
Internal service fund	<u>5,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,229</u>
Total governmental activities	<u>\$ 11,432</u>	<u>\$ 17,347</u>	<u>\$ 1,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,093</u>
Business-type activities:						
Water Fund	\$ 2,571	\$ 1,755	\$ -	\$ 2,500	\$ 25,533	\$ 32,359
Sewer Fund	<u>2,637</u>	<u>902</u>	<u>-</u>	<u>-</u>	<u>2,491</u>	<u>6,030</u>
Total business-type activities	<u>\$ 5,208</u>	<u>\$ 2,657</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 28,024</u>	<u>\$ 38,389</u>

NOTE 8 - LONG-TERM DEBT:

At February 28, 2005, long-term liabilities are comprised of the following individual issues:

The Water Fund has an outstanding balance of \$410,000 on the 1979 \$560,000, 5.00% Water Supply System Revenue Bonds. The bonds are due in annual principal installments of \$10,000 to \$25,000, plus interest through January 2018.

Long-term liability activity for the year ended February 28, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
Bank note	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities:					
Water Fund 1979 Bonds	<u>\$ 430,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 410,000</u>	<u>\$ 20,000</u>

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM DEBT (Continued):

At February 28, 2005, debt service requirements were as follows:

<u>Year ended</u> <u>February 28</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 20,000	\$ 15,000
2007	20,000	14,000
2008	20,000	13,000
2009	20,000	12,000
2010	20,000	11,000
2011 - 2015	235,000	37,500
2016 - 2020	<u>75,000</u>	<u>7,500</u>
Totals	<u>\$ 410,000</u>	<u>\$ 110,000</u>

All debt is secured by the full faith and credit of the Village.

NOTE 9 - DEFERRED REVENUE:

Deferred revenue, as reported in the funds at February 28, 2005, is comprised of the following:

<u>Fund</u>	<u>Unearned</u>	<u>Unavail- able</u>	<u>Totals</u>
General	\$ 45,196	\$ 30,628	\$ 75,824
Streets	<u>-</u>	<u>7,376</u>	<u>7,376</u>
	<u>\$ 45,196</u>	<u>\$ 38,004</u>	<u>\$ 83,200</u>

NOTE 10 - PENSION PLAN:

The Village sponsors a defined contribution plan for all full time employees. Employees are allowed to contribute amounts subject to IRS limitations. The Village makes a matching contribution (not to exceed 3% of covered payroll) for all personnel who contribute to the plan. For the year ended February 29, 2005, the Village and covered employees contributed \$10,662 and \$24,437, respectively to the plan.

The Village has no administrative or fiduciary responsibilities over the plan or plan assets. Accordingly, activity and balances of the plan are not included in these financial statements.

NOTE 11 - CLAIMS ARISING FROM RISKS OF LOSS:

The Village is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$1,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

Village of Decatur
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended February 28, 2005, is as follows:

Revenues	\$ 5,190
Expenses	<u>(5,487)</u>
Deficiency of revenues over expenses	<u>\$ (297)</u>

NOTE 13 - CONSTRUCTION COMMITMENT:

During the year ended February 29, 2004, the Village began a process to obtain funding for a utility extension project for a manufacturing enterprise within the LDFA. The total cost, outside of private investment by the manufacturer, is approximately \$2,210,000. The Village has obtained federal and state grants of \$1,880,000 for this project. The remainder of the costs (\$330,000) will be borne by the Village. In March 2004, the Village was approved for a \$135,000, 2%, 10 year loan from Van Buren County Community Block Grant Revolving Loan Fund, to partially fund the Village's share of costs.

To date, the Village has incurred \$130,239 of costs for this project.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective March 1, 2004, the Village implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets, as previously reported	
General and special revenue funds	\$ 428,197
Capitalization of capital assets, net of accumulated depreciation, not previously reported.	154,148
Net assets of the internal service funds are included in governmental activities in the statement of net assets.	254,580
Bonds and loans payable that were previously reported in the general long-term debt account group.	(25,000)
Certain resources used in governmental activities are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>38,122</u>
Net assets, as restated	<u>\$ 850,047</u>

REQUIRED SUPPLEMENTARY INFORMATION

Village of Decatur

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended February 28, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 331,985	\$ 361,650	\$ 326,610	\$ (35,040)
Licenses and permits	9,079	21,020	15,077	(5,943)
State grants	202,570	207,200	216,422	9,222
Charges for services	5,876	6,020	9,115	3,095
Fines and forfeitures	2,200	3,500	14,001	10,501
Interest and rentals	5,385	10,300	8,534	(1,766)
Other	10,050	10,050	10,203	153
Total revenues	<u>567,145</u>	<u>619,740</u>	<u>599,962</u>	<u>(19,778)</u>
EXPENDITURES				
Legislative	<u>11,160</u>	<u>11,160</u>	<u>10,583</u>	<u>577</u>
General government:				
Manager	31,958	26,633	33,451	(6,818)
Elections	850	-	499	(499)
Professional fees	18,350	18,450	18,867	(417)
Clerk	39,930	30,788	40,974	(10,186)
Treasurer	11,319	12,345	11,247	1,098
Building and grounds	16,620	15,920	11,569	4,351
Nondepartmental	19,200	19,575	18,069	1,506
Total general government	<u>138,227</u>	<u>123,711</u>	<u>134,676</u>	<u>(10,965)</u>
Public safety:				
Police protection	242,891	257,975	247,822	10,153
Crossing guards	8,752	8,752	5,686	3,066
Building inspections	6,550	10,100	5,487	4,613
Total public safety	<u>258,193</u>	<u>276,827</u>	<u>258,995</u>	<u>17,832</u>
Public works:				
Public works department	68,687	73,530	51,058	22,472
Street lighting	22,000	22,000	19,782	2,218
Total public works	<u>90,687</u>	<u>95,530</u>	<u>70,840</u>	<u>24,690</u>
Recreation and culture	<u>36,135</u>	<u>46,485</u>	<u>33,788</u>	<u>12,697</u>
Debt service:				
Principal	10,757	25,000	25,000	-
Interest	<u>875</u>	<u>724</u>	<u>724</u>	<u>-</u>

Village of Decatur**BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)**

Year ended February 28, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES				
Capital outlay	<u>\$ 14,500</u>	<u>\$ 14,200</u>	<u>\$ 13,720</u>	<u>\$ 480</u>
Total expenditures	<u>560,534</u>	<u>593,637</u>	<u>548,326</u>	<u>45,311</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,611	26,103	51,636	25,533
OTHER FINANCING USES				
Transfer to Local Street Fund	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,389)	16,103	41,636	25,533
FUND BALANCES - BEGINNING	<u>243,431</u>	<u>243,431</u>	<u>243,431</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 240,042</u>	<u>\$ 259,534</u>	<u>\$ 285,067</u>	<u>\$ 25,533</u>

*Village of Decatur***BUDGETARY COMPARISON SCHEDULE - Major Street Fund***Year ended February 28, 2005*

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grants	\$ 85,500	\$ 100,000	\$ 97,149	\$ (2,851)
Interest	<u>400</u>	<u>200</u>	<u>190</u>	<u>(10)</u>
Total revenues	<u>85,900</u>	<u>100,200</u>	<u>97,339</u>	<u>(2,861)</u>
EXPENDITURES				
Public works:				
Preservation streets	40,612	39,188	29,314	9,874
Winter maintenance	15,385	15,920	8,712	7,208
Traffic services	5,015	6,915	2,303	4,612
Administration	<u>8,342</u>	<u>9,700</u>	<u>8,683</u>	<u>1,017</u>
Total expenditures	<u>69,354</u>	<u>71,723</u>	<u>49,012</u>	<u>22,711</u>
EXCESS OF REVENUES OVER EXPENDITURES	16,546	28,477	48,327	19,850
OTHER FINANCING USES				
Transfer to Local Street Fund	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,454)	8,477	28,327	19,850
FUND BALANCES - BEGINNING	<u>50,233</u>	<u>50,233</u>	<u>50,233</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 46,779</u>	<u>\$ 58,710</u>	<u>\$ 78,560</u>	<u>\$ 19,850</u>

Village of Decatur**BUDGETARY COMPARISON SCHEDULE - Business Rehabilitation Fund**

Year ended February 28, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 4,850	\$ 720	\$ 869	\$ 149
Other	<u>50</u>	<u>50</u>	<u>5,011</u>	<u>4,961</u>
Total revenues	<u>4,900</u>	<u>770</u>	<u>5,880</u>	<u>5,110</u>
EXPENDITURES				
Public works	<u>275</u>	<u>350</u>	<u>7,034</u>	<u>(6,684)</u>
NET CHANGE IN FUND BALANCES	4,625	420	(1,154)	(1,574)
FUND BALANCES - BEGINNING	<u>88,763</u>	<u>88,763</u>	<u>88,763</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 93,388</u>	<u>\$ 89,183</u>	<u>\$ 87,609</u>	<u>\$ (1,574)</u>

Village of Decatur**BUDGETARY COMPARISON SCHEDULE - Streets Fund**

Year ended February 28, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 62,244	\$ 83,500	\$ 82,189	\$ (1,311)
EXPENDITURES				
Public works	<u>62,244</u>	<u>83,500</u>	<u>82,189</u>	<u>1,311</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

Village of Decatur
COMBINING BALANCE SHEET - other governmental funds
February 28, 2005

<i>Special revenue funds</i>			
	<i>Local Street</i>	<i>Park</i>	<i>Totals</i>
ASSETS			
Cash	\$ 59,246	\$ 4,177	\$ 63,423
Receivables (net)	<u>7,855</u>	<u>-</u>	<u>7,855</u>
Total assets	<u>\$ 67,101</u>	<u>\$ 4,177</u>	<u>\$ 71,278</u>
FUND BALANCES			
Unreserved, undesignated	<u>\$ 67,101</u>	<u>\$ 4,177</u>	<u>\$ 71,278</u>

Village of Decatur**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - other governmental funds***Year ended February 28, 2005*

	<u>Special revenue funds</u>		
	<u>Local Street</u>	<u>Park</u>	<u>Totals</u>
REVENUES			
State grants	\$ 45,657	\$ -	\$ 45,657
Interest	<u>123</u>	<u>33</u>	<u>156</u>
Total revenues	<u>45,780</u>	<u>33</u>	<u>45,813</u>
EXPENDITURES			
Public works	<u>50,305</u>	<u>-</u>	<u>50,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,525)	33	(4,492)
OTHER FINANCING SOURCES			
Operating transfers in	<u>30,000</u>	<u>-</u>	<u>30,000</u>
NET CHANGE IN FUND BALANCES	25,475	33	25,508
FUND BALANCES - BEGINNING	<u>41,626</u>	<u>4,144</u>	<u>45,770</u>
FUND BALANCES - ENDING	<u>\$ 67,101</u>	<u>\$ 4,177</u>	<u>\$ 71,278</u>

SUPPLEMENTARY DATA

Village of Decatur**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS****1979 \$560,000 WATER SUPPLY SYSTEM REVENUE BONDS**

February 28, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>			<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>July 1</i>	<i>January 1</i>	<i>Totals</i>			
2006	\$ 7,500	\$ 7,500	\$ 15,000	01/01/06	\$ 20,000	\$ 35,000
2007	7,000	7,000	14,000	01/01/07	20,000	34,000
2008	6,500	6,500	13,000	01/01/08	20,000	33,000
2009	6,000	6,000	12,000	01/01/09	20,000	32,000
2010	5,500	5,500	11,000	01/01/10	20,000	31,000
2011	5,000	5,000	10,000	01/01/11	25,000	35,000
2012	4,375	4,375	8,750	01/01/12	25,000	33,750
2013	3,750	3,750	7,500	01/01/13	25,000	32,500
2014	3,125	3,125	6,250	01/01/14	25,000	31,250
2015	2,500	2,500	5,000	01/01/15	25,000	30,000
2016	1,875	1,875	3,750	01/01/16	25,000	28,750
2017	1,250	1,250	2,500	01/01/17	25,000	27,500
2018	625	625	1,250	01/01/18	25,000	26,250
	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 110,000</u>		<u>\$ 300,000</u>	<u>\$ 410,000</u>